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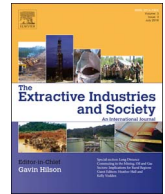
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Original article

Impacts of the oil boom on the lives of people living in the Albertine Graben region of Uganda

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ABSTRACT

We consider the impacts of the development of oil resources (exploration and extraction) on the lives and livelihoods of people living in the Albertine Graben region of Uganda. These impacts are both positive and negative and include: employment opportunities; infrastructure development; project induced displacement and resettlement; in-migration and influx; inflation; reduction of food security; restrictions on access to fishing, firewood and herbs for cooking and medicinal purposes; inadequate compensation; land grabbing; prostitution; environmental degradation; annoyance and inconvenience; fear and anxiety; and changes to their communities, livelihoods and landscape. In-depth interviews were carried out with key informants, including with leaders at the village, parish, sub-county, and district levels in Uganda. Focus group discussions and participant observation were also used. We argue that there is need for all stakeholders – especially the government of Uganda, oil companies, the local communities, the Bunyoro Kitara Kingdom, and civil society organisations – to collaborate in order to address the deficiencies in the development of oil resources and the region, and to create the conditions needed to avoid the resource curse and associated Dutch disease and Nigerian disease, and instead to achieve a social licence to operate for oil development in the region.

1. Introduction

The discovery of commercially-viable oil deposits in the Albertine Graben region on the border between Uganda and the Democratic Republic of the Congo (DRC) in 2006 has had and will continue to have major impacts on the lives and livelihoods of people living in local communities in the region (NAPE, 2016; Holterman, 2014). In 2013, Uganda's oil reserves were estimated to be 3.5 billion barrels, and were expected to yield at least USD \$2 billion per year for 30 years once oil production commences (Kuteesa, 2014). This income will make Uganda, one of the poorest countries in the world, less dependent on donor aid, and well as less likely to receive donor support (Republic of Uganda, 2015). Uganda has established an ambitious agenda for its future with its 2040 Vision envisaging a middle-income country with the majority of its citizens living in urban areas, having smaller families, and earning income from non-agricultural sectors (World Bank, 2016). We consider that, if the revenues from oil production are used properly and directed towards appropriate infrastructure and social development, it may be possible for Uganda to achieve its 2040 Vision. Given the transformative potential of oil discoveries (de Kock and Sturman, 2012), Uganda faces some critical policy choices, on which the welfare of local communities in the Albertine Graben region and in

Uganda as a whole depend (Kuteesa, 2014).

While Uganda is banking on the oil revenues to boost its economy and potentially make it achieve a middle income economy status, the decline in the global market price of crude oil over the past few years is one of the many uncertainties that it has to be prepared to face. Other uncertainties are related to the source of funding of needed facilities and infrastructure, most of which depend on the goodwill of the companies. Uganda as a country does not have the required funds to invest in these projects.

The discovery of oil in Uganda has been marred by controversy (Balikuddembe and Ardalan, 2014; Olanya, 2015). Certain elites (specifically the current government led by President Yoweri Museveni) have claimed credit for the coming oil boom, and even for the discovery of oil itself. Others, however, argue that awareness of Uganda's oil has existed for more than a hundred years, and some note that oil exploration actually began during Uganda's colonial period (Balikuddembe and Ardalan, 2014). Oil discoveries in other African countries have created a mixture of optimism and pessimism – with the discovery of oil in Chad, for example, being heralded by its leaders and development partners in the 1990s “as a unique opportunity to generate resources to spend on poverty reduction activities” (Aristide and Moundigbaye, 2017:42). However, as time went by, few tangible

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benefits for local peoples in Chad have actually emerged (Aristide and Moundigbaye, 2017).

An *International Alert* (2015:1) discussion about Uganda suggests that:

“a narrative has been sold that oil exploitation will improve people’s quality of life, end the country’s dependence on foreign donors and increase national prosperity, with the proceeds being used to construct roads, hospitals and schools. There is even talk of Hoima [the largest city in the Albertine Graben region] becoming the economic capital of Uganda. This has encouraged many to migrate to the oil districts in the hope of benefiting from the oil industry”.

The discovery of oil resources in Uganda has also raised hopes and expectations that the enormous revenues expected to accrue ‘would make poverty history’ (Bainomugisha et al., 2006). As was the case with oil discovery in Chad, many people believed the discovery of oil would change their lives, while others thought nothing much would change (Aristide and Moundigbaye, 2017). With the substantial revenues likely to be generated, oil could transform Uganda to help it escape extreme poverty (Mosbacher, 2013; Shepherd, 2013). Conversely, the discovery of oil has also caused concern about how citizens are going to share the benefits, and has created fear that, if not governed well, oil could become Uganda’s curse rather than its blessing (Bainomugisha et al., 2006; Mosbacher, 2013).

Studies about oil in the Albertine Graben region have revealed both positive and negative expectations from the discovery (Bainomugisha et al., 2006; Mosbacher, 2013; *International Alert*, 2013; Balikuddembe and Ardalan, 2014). Many people are expecting that oil production will contribute positively to increased employment opportunities, higher incomes, improved roads, and improved access to public services. Nevertheless, some community members were sceptical about the benefits that would accrue, partly because they thought the local workforce lacked the necessary qualifications to gain full benefit from the opportunities created (Kuteesa, 2014; NAPE, 2016). Of particular concern was displacement and involuntary resettlement (Kuteesa, 2014). As is well documented, many projects cause displacement and, if not managed well, resettlement can have many negative consequences (IFC, 2012; Smyth and Vanclay, 2017).

These concerns are understandable and are similar to the experiences of other oil producing countries (Abiodun, 2007; Mosbacher, 2013). Where transparency, the rule of law, and adequate oversight of public and private sector actors is lacking, oil tends to be associated with resource curse issues such as corruption, instability, and economic underperformance, rather than with positive and inclusive development (Auty, 1993; Basedau and Lay, 2009; *International Alert*, 2009; van der Ploeg, 2011; Global Witness, 2013; Dietsche, 2014; Gilberthorpe and Papyrakis, 2015; Ross, 2015; Stureson and Zobel, 2015; Goumandakoye, 2016; Palazuelos, 2016). Many studies have documented how oil exploitation is associated with negative social and environmental impacts (Eggert, 2001; Söderholm and Svahn, 2015; Aristide and Moundigbaye, 2017).

If oil developments are poorly managed and governed, Uganda will join the list of resource curse countries, which would erode the achievements made in the past and potentially plunge the country into armed conflict and instability (Olanya, 2015). Uganda could also suffer from the ‘Nigerian Disease’, a situation where resource revenues are wasted by governments lacking the institutional capacity to use wind-fall gains effectively (Sahoo et al., 2014). According to Shepherd (2013: vii), “oil also brings risks – of the erosion of the relationship between people and government, of economic distortion, of increased corruption and of internal tensions”. Others like Collier and Hoeffler (2005), Boschini et al. (2007) and Maconachie (2016), using Botswana as case-in-point, have argued that, if properly managed, natural resources can improve the welfare of people and reduce dependency on donors.

We analyse the impacts the oil boom has had on the livelihoods of local people in the Albertine Graben region in Uganda, and we consider

the likely future consequences. Instead of a situation where oil exploitation will lead to a resource curse, Nigerian disease and/or Dutch disease (Bategeka and Matovu, 2011), we argue that in Uganda and other resource-rich countries, the government and oil companies should ensure that all negative consequences are fully addressed and that all opportunities for benefit sharing are properly considered and implemented where feasible. In this way, local communities and nations will prosper, and oil companies will gain a social license to operate and be more likely to experience the efficient and effective development of their projects (Jijelava and Vanclay, 2017).

2. Methodology

This paper is informed by ongoing field research which begun in 2015 and considers whether or not the discovery of oil is a blessing or a curse for Uganda. We specifically consider the implications of the oil development for social conflict and social development in the Albertine Graben region. In addition to extensive document analysis, the research is based on primary data collected by the lead author between October and December 2016 in the districts of Hoima, Buliisa, and Kibaale, locations that are at the centre of oil activities.

The research utilised qualitative data collection techniques including in-depth interviews, focus group discussions, and field observation. Some 42 in-depth interviews with key informants were conducted, including with local leaders at the village, parish, sub-county, and district levels, as well as with civil society organisations, oil companies, opinion leaders, and officials of the Bunyoro Kitara Kingdom. Two focus group discussions (with 11 and 13 participants respectively) were conducted in November 2016 to collect the views of people in affected communities. As much as possible, field observation was undertaken to corroborate claims made by research participants and stakeholders, for example claims relating to infrastructure development, such as schools, roads, and health centres.

The researchers also reviewed secondary sources like articles and books, official documents such as the 1995 Constitution of Uganda, the Land Act (Cap. 227), the Land Acquisition Act (Cap. 226), the strategic environmental assessment report for oil and gas activities (Uganda, 2013) as well as reports from NGOs and various national and international organisations. The authors also consulted online sources especially newspapers from Uganda. Data were analysed using thematic and content analysis techniques based on the emerging issues which kept cropping up among the local communities during the research period (Box 1).

3. The impacts of oil development activities on local livelihoods

The activities associated with the extractive industries create positive and negative changes to people’s lives, livelihoods and ways of living (Vanclay, 2002; Esteves and Vanclay, 2009; Vanclay et al., 2015; Abuya, 2016; Esteves et al., 2017). The physical splintering and fragmentation of the landscape and associated restrictions on access for people that are created by the construction and operation of a project create considerable disruption to people’s lives and livelihoods (Vanclay, 2017). In the Albertine region, oil development activities have had both positive and negative consequences on people’s lives. For example, one person, who is now a local environmental consultant, said:

I can say my livelihood has, in one way or the other, been improved. For example, I am a beneficiary of the Tullow Oil scholarship scheme and my capacity was improved through training. I did a Master of Science in oil and gas management at the University of Coventry in the UK. It was a one year master with full support. And there are also so many other people who have benefited from this kind of scheme. So far we are about 56 beneficiaries of the Tullow Oil scholarship scheme through the British Council (Field Interview,

Box 1

Quick overview of history of oil development in Uganda (current to mid 2017; adapted from ActionAid Uganda's Oil in Uganda website <http://www.oilinuganda.org/categories/oil-timeline>).

Late 19th century, seepage of oil noted in various places in western Uganda
 Early 20th century, various exploratory activities
 1962 Uganda gains independence from the United Kingdom
 1962 to 1998 various oil-related activities, but no substantial outcome
 1998 Heritage Oil conducts seismic surveys firmly establishing the presence of oil deposits
 2006 Many wells drilled confirming substantial deposits of oil and gas
 2010 Government commissions a feasibility study for the construction of a refinery
 2013 Government approves construction of a refinery
 2013 Chinese company CNOOC is granted a production licence, with production expected in 2017
 2013 over 7000 people ordered to vacate land allocated for refinery, compensation paid by Government of Uganda
 2014 the Government's National Environment Management Authority approves four companies to construct a waste management facility to process oil drilling waste
 2014 The Government signs a Memorandum of Understanding with the three oil companies (Total, Tullow and CNOOC) detailing a roadmap for the commercialization of the country's petroleum resources, specifically agreeing that the country's natural gas will be used for power generation, a refinery will be built, and a crude export pipeline will be built
 2014 Over 200 families forcibly evicted by a private company (with police assistance) from land to be used for the waste facility
 2014 paved road from Kaiso (on Lake Albert) to Hoima completed
 2015 RT-Global Resources is announced winner of the bid to build the crude oil refinery
 2015 another waste oil treatment plant is opened near Hoima
 2015 announcement of Hoima-Lokichar-Lamu route (through Kenya) for pipeline
 2016 oil pipeline route changed to be Hoima to Tanga in Tanzania
 2016 RT Global Resources backs out of the refinery, leaving the government without a current developer

Hoima, November 2016).

This consultant went on to say that business activity on the shores of Lake Albert was booming, especially because of the improvement in road infrastructure (which was done by the government to facilitate oil development). He also suggested that, due to the discovery of oil, the number of people in the area had increased considerably, and that Hoima was now experiencing traffic jams. He opined that:

Before the discovery of oil, Hoima used to have fewer people, but right now there are so many people, in fact, you now witness traffic jams in the evenings in town. Many people flock to this region hoping to get so many opportunities, like employment from the oil industry, but apparently their hopes have not yet materialized, and when they don't get what to do (sic), they become part of crime makers. For example, there are increased cases of burglars locally known as *iron bar hit men*, which ... mean there are redundant and jobless people in the area (Field Interview, Hoima, November 2016).

One of the challenges is that the oil is in the most ecologically-rich region of Africa (NAPE, 2016). Extraction activities are likely to negatively affect local habitats and biodiversity (Kasimbazi, 2012). Around the world, the oil industry has also been responsible for disrupting the lives and livelihoods of local people (Demuijnck and Festerling, 2016). In the Albertine Graben, the oil industry has had significant negative impacts on the lives, livelihoods and culture of the local people (International Alert, 2013; Shepherd, 2013; Global Rights Alert, 2015; NAPE, 2016).

A very important livelihood for communities across the Albertine Graben region is fishing and related activities. This has been much affected because access to the lake is being restricted by oil developments (International Alert, 2013). The fisheries sector is an important economic activity, not only because of the livelihoods it provides to many Albertine dwellers, but also because of the tax income it brings to local governments. However, the fish stock is dwindling, which is attributed to the influx of people and to negligence by the authorities (International Alert, 2013).

The ongoing political tension between Uganda and the DRC (Tar et al., 2016) has been having local consequences. Although conflict

between the fishing communities of the two countries has been rare, since oil exploration activities have commenced, fishermen from the two countries have become embroiled in sporadic flare-ups, with each accusing the other of trespassing (Balikuddembe and Ardalan, 2014). This has been exacerbated by various cases of reported killings of Ugandan fishermen and security personnel by unknown persons suspected to be Congolese. In response to these attacks, the Ugandan government has threatened to use military power against DRC forces if attacks on Ugandan soil re-occur (Mugerwa and Bagala, 2016).

Another concern, partly brought about by this risk of violence, is restriction on travel to various parts of Uganda. The Chairperson of a local council we interviewed said he was concerned about the restrictions and observed that:

There are so many restrictions to access the oil areas including [for] us leaders. For example, I am the District Chairperson, but I am not allowed to access the oil wells without clearance from the Prime Minister; this applies to even the Minister for Bunyoro Affairs and cultural leaders as well! Imagine you have to first seek permission to access a resource that exists in your area of jurisdiction! (Field Interview, Kibaale District, November, 2016).

The restrictions have also been documented in a report by International Alert (2013), which indicated that many local people were concerned that the restrictions affected their access to forest herbs and firewood, the main source of fuel for cooking.

Resource extraction projects are typically associated with a large influx of job-seeking migrants into the resource area (IFC, 2009; Aristide and Moundigbaye, 2017). Such population growth frequently leads to new types of poverty and other social problems, such as alcohol abuse and prostitution (Vancly, 2002; Pegg, 2006; Vancly et al., 2015; Hansen et al., 2016; Esteves et al., 2017). With the increasing population of humans and livestock, land availability is becoming limited, which has led to overgrazing. Because of the in-migration (also known as the honey-pot effect), some social evils have been witnessed in the Albertine Graben region. Prominent among these is prostitution, which allegedly was never previously heard of in these villages "but when oil operations started, prostitutes from DR-Congo across Lake

Albert flocked into the areas occupying most of the fish landing sites like Kaiso, Sebagoro, and Kyehoro, Buhuka” (NAPE, 2016:9). Our interviewees indicated that prostitution was not only limited to the fish landing sites, but was also evident at all locations experiencing an influx of oil workers and other job seeking migrants.

According to one interviewee, the intended location of the refinery was an area previously occupied by cattle keepers (*baralo*). He observed that following their eviction, some *baralo* moved to the ‘*kyeya*’ (communal grazing land) on the lakeshore, while others moved elsewhere to graze their cattle. Fights sometimes erupted between the *baralo* and the agriculturalists in the new locations because the cattle would graze in the gardens of the host villages. This has led to land use conflict between the Alur community and the *baralo* and to three reported killings. There is an urgent need to address these issues to avoid further deaths.

Food insecurity has risen in several ways. Some people who had encroached upon road reserves found that they had to give up the land they were farming when the roads were widened. In some cases, men were recruited to work in oil related activities, which led to them abandoning their farming practices. This has led to food insecurity, especially in cases where the money earned was not used to buy food for consumption at home. It also increased the burden of work on women (NAPE, 2016).

International Alert (2013) reported that there have been serious conflicts in the oil exploration area over land ownership and land use. It argued that in-migration has led to a shortage of land, which has been exacerbated by the fragmentation of land due to the increasing population. There have also been claims of the fraudulent sale of land (International Alert, 2013:36). These claims were echoed in a field interview with a key informant:

the discovery of oil and gas in this region increased a lot of expectations. People started to anticipate that there is going to be a lot of money and even I had the same kind of expectations. As a result, there is a scramble and partition for land. You know, Bunyoro region had its own problems related to land, but this has more than multiplied. The situation is more complex, cases of land grabbing are high, for example in Buhuka Kyangwali sub-county, the whole village was evicted. In Kyakaboga, Bugambe sub-county in Hoima District, about 50 families were evicted from that area (Field interview, November, 2016).

Although oil companies are expected to contribute to social development and to replace any infrastructure destroyed by their projects, in the Albertine Graben region there have been disturbing reports of schools, markets and churches being closed (NAPE, 2016). As a result, parents have had to take their children to far-away schools. If this is true, then the relevant authorities should take measures to address this.

The in-migration leads to increasing pressures on land and fuels tensions between local communities and newcomers. It puts a strain on already limited social services, such as education, water and healthcare. A study by the Uganda Land Alliance (2011) revealed that the most common land-related problems around the oil districts included land-grabbing and encroachment, increased land disputes, and land fragmentation. The influx of people has implications for government spending and service provision. There are also risks associated with transfer of disease by migrant populations to their new communities (Kuteesa, 2014).

4. Oil development, displacement and compensation

Irrespective of their purpose, large-scale development and infrastructure projects require land, and sometimes very large tracts of land (Vancley, 2017). Expected international practice suggests that any project should adhere to the following principles: involuntary resettlement should be avoided or at least minimised; where resettlement is unavoidable, all people affected should be compensated fully and fairly; involuntary resettlement should be conceived as an opportunity for

improving the livelihoods of affected people and undertaken accordingly; and all affected people should be involved in the resettlement planning process to ensure adequate mitigation of adverse effects and to ensure the benefits of resettlement are appropriate and sustainable (IFC, 2012; Vancley, 2017).

Many families were affected by the government’s plan to build an oil refinery. In 2010, the government commissioned a Swiss firm, Foster Wheeler, to consider the feasibility of a refinery and to identify a suitable place to site it. It was established that 29 square kilometres would be needed for the refinery and associated works. The firm recommended Kabaale Parish in Buseruka Sub-county, Hoima District, an area which comprises 13 villages, as the most appropriate location. In 2013, the government started the process of resettling and compensating the over 7000 affected residents by paying them cash or relocating them to an alternative land (Imaka and Musisi, 2013).

Although the government earmarked Shs78b (approximately USD \$23 million) for the resettlement, many of those affected disagreed with the method used to value their properties, claiming that the government undervalued them. Consequently, many people rejected the government’s valuation price for their land and improvements, and vowed not to leave unless they were adequately compensated. They also claimed that the government had not adequately consulted them to discuss the valuation, instead only negotiating with the district administration on the amount to be paid. The Government hired a consultancy firm, Strategic Friends International, to implement the Resettlement Action Plan and guide the compensation process. The residents’ claims of under-valuation were rejected by the Government’s Refinery Project Communications Officer, who claimed that all valuations were set at the district headquarters and were approved by a chief government valuer, and that all information was being shared with the affected people (Imaka and Musisi, 2013).

During our field interviews, one participant observed that:

There was undervaluation of property and people were given far much less money and even when they were given this less money, there were no capacity training to the people on the way how to use this money. For example, a person who got one million [Ugandan shillings, about USD \$300] in lump sum and had never got it before thought that all their problems were solved, which led to mismanagement of money. But also, us who were outside watching, we knew that these people had got the money, so we were busy hiking [up the price of] our land and when they wanted to buy other land, they found it too expensive to buy. So they ended up in wetlands and public forest reserves, leading to deforestation and environmental degradation. So we have to appreciate that environmental degradation and climate change is going to be inevitable in this region (Field interview, November 2016).

It was reported in the local news (*Daily Monitor* 6 October 2013) that a local Member of Parliament threatened that “if they don’t give our people enough compensation money, we will mobilise them against the project” during one of meetings with the affected people. In our interactions in the field, many respondents stated that the compensation was responsible for causing domestic violence. There was no gender sensitivity in the way the money was distributed. For example, one respondent noted with concern that:

we live in a patriarchal society where men are everything, they are the head of families; they are the principal signatories and main decision makers. The moment men got the money, they went ahead and did what pleased them [rather] than their families. For example, some married more women, they bought motorcycles and boozed it off, hence women lost out [in] that kind of arrangement; and domestic conflicts escalated and some families broke down (Field interview, November 2016).

Residents in various villages said that suspected security agents had been threatening land owners to take what the government had offered

them and leave the area. This intimidation and the fear instilled by it was made worse by the fact that the oil fields were guarded by the Special Forces Command, which from 2012 to 2017 were headed by the president's son, Major General Muhoozi Kainerugaba (*The Ugandan*, 2017, see also Vokes, 2012).

According to Imaka and Musisi (2013:2), the government was adamant that the compensation rates were sufficient and based on the principle of “equity and equivalence” which means, that “the affected owners are neither enriched nor impoverished by the process”. However, the majority of people were not impressed with the plans for resettlement and chose the cash option that was available. Field findings revealed that those who opted for resettlement found it difficult to move on with their lives. According to one respondent:

the government acquired this land around 2011, but since then it's of recent when we hear that around 46 houses are at the level of painting and are yet to be allocated to the owners – but all this happened because of the various advocacy campaigns by the CSOs. The remaining number, out of the 94 who opted for relocation, are still in suspension. Where do you think these people are? That's the question! (Field Interview, November 2016).

He added that, in their original location, these people had homes, whereas they were only going to be given houses at the new site. He claimed that:

there is a difference between a home and a house, a home is bigger, and a home is a bit independent, has privacy, and has some land where to dig. But they were removed from homes to houses in form of camps. Do you see that kind of shock? Further, some of these families were extended, where you find a household head, the son who probably is married also have constructed around and perhaps the grandchild – but in the camp, these people are put in a three bed roomed house. Also, there are people of different cultures; there are the Alur, Bakiga and the Banyoro who have different cultural values and beliefs. So how do you ensure harmonious living in this kind of life? Don't you see there is going to be high cases of in-fights between these cultures? (Field Interview, November 2016).

From the above discussion, it is evident that the oil developments have impacted on people's lives at all levels. The issues of land acquisition, compensation, and relocation need to be handled well. Only then will the various companies have a chance at gaining acceptability and a social licence to operate for their activities in these areas and generally.

5. Conclusion

We examined some of the challenges associated with the development of oil reserves in the Albertine Graben region of Uganda. Oil development has led to the displacement of many people and has created much resentment, primarily because of the inadequate way in which the resettlement and compensation arrangements have been implemented. The oil developments have also created many social impacts, both positive and negative, and have fuelled conflict, fear and uncertainty. The extent of concern has prompted some aggrieved residents to sue the government in pursuit of fair compensation. There have also been killings of people as a result of land use conflicts created by the oil developments.

Uganda is still one of the poorest countries in the world. It does need to have opportunities for development if it is to escape the extreme poverty which grips it. Potentially, oil production can bring benefits to the nation and region. However, as a large infrastructure project with a large landtake requirement, there will inevitably always be some consequences for people living in the places where oil is located. Nevertheless, when the needed resettlement is done well and when all other social impacts are properly addressed, this harm can be minimised. By providing generous support to displaced peoples, it would be possible to have mutually-beneficial outcomes. Instead of the court

cases, killings, social harm and project opposition that has befallen Uganda, it should be possible to bring about a new situation of peaceful resolution of issues, with a fair sharing of benefits to all stakeholders, enabling the efficient implementation of this project of national significance.

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